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THE ARMY, THE NAVY, AND THE
DEFENSE LOGISTICS AGENCY
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DLAR 4500.12

1 January 1988

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Accounting and Finance

UNIFORM SETTLEMENT OF MILITARY FREIGHT LOSS AND DAMAGE CLAIMS

This regulation states the current uniform policies and procedures for use by all Department of Defense activities when filing freight loss and damage claims against commercial carriers for recovery of in-transit loss or damage to government property. Exceptions are cited in paragraph 2-3. Request for deviation from this regulation because of conflict with local laws, ordinances, or special circumstances should be sent to the office having final claims settlement authority for the concerned service (see paragraph 2-2). The office of primary responsibility y/propo-
nent agency is Department of the Air Force, Headquarters Air Force Accounting and Finance Center, (AFAFC)/AJF, Denver CO 80279-5000. Recommendations for changes should be made through command channels of the concerned services to the above address.

This regulation applies to the Air National Guard and Air Force Reserve,

This regulation has two chapters. Chapter 1 outlines procedures to be followed by reporting activities prior to preparation of the SF 361, Transportation Discrepancy Report (TDR), for claim action per Joint Services Regulation AR 55-38 /NAVSUPINST 4610.33C, Change 2/AFR 75-1 8/MCO P4610. 19D/DLAR 4500.15, Reporting of Transportation Discrepancies in Shipment. The services' finance centers and claims offices should use chapter 2 when filing formal claims against carriers and for any subsequent action.

Supersedes AFR 177-19/AR 735-1 1-1/NAVSUPINST 4610.34 E/MCO P4610. 16E, and DLAR 4500.12, 1 March 1984. (See signature page for summary of changes.)

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Chapter 1

LOSS, DAMAGE, OR DESTRUCTION OF DEPARTMENT OF DEFENSE
PROPERTY INCIDENT TO SHIPMENT

1-1. General Information:

a. Responsibility of the Military Services. When property is lost or damaged in transit by commercial carriers, the military services must promptly determine liability, compute the amount of the **damages**, and file a formal freight loss and damage claim against the responsible carrier by issuing SF 362, U.S. Government Freight Loss/Damage Claim. This action is restricted to the finance center or claims office of the concerned service (see paragraph 2-2). Claims action depends entirely upon the prompt and accurate recording, investigating, and reporting of the discrepancy to the finance center or claims office by the reporting activity per instructions cited in Joint Service Regulation AR 55-38/NAVSUPINST 461 0.33C, Change 2/AFR 75-18/MCO P4610.19D/DLAR 4500.15, Reporting of Transportation Discrepancies in Shipment.

b. Carriers' Reimbursement for Loss and Damage. If the carrier is liable, the law requires that it pay the service sustaining the injury for the actual loss, damage, or destruction of such property (49 U.S.C. section 11707). This includes incidental damage naturally and proximately arising from the loss of or injury to the property, including expenses reasonably and necessarily incurred by the government (13 C.J.S. Carriers, sections 263, 266). The services must recognize the pertinent limits of the carriers' contractual and legal liability.

c. Recovery for Loss or Damage. The government is entitled to recover the value of property that has been lost, damaged, or destroyed (49 U.S.C. section 11707). For damaged property that can be repaired, the government is entitled to recover either the loss of property value or the actual cost of repair. Generally, the **actual** cost of repair, if reasonable and equitable, is the acceptable measure of damage. For property lost or destroyed, the actual loss may be the market value at time of shipment. More often, the amount of actual loss is determined by the Federal Supply Catalog quotation or Defense Logistics Agency (DLA) Consolidated Management Data List for like items, less depreciated allowance, if applicable.

d. Damaged Property That Can Be Repaired. The government is entitled to the actual cost of the repairs that are attributable to the in-transit damage (49 U.S.C. section 11707).

(1) The government is not entitled to the cost

of repair that makes the property more valuable than it was before the damage.

(2) The government is entitled to the reasonable value of time and effort spent to preserve the property or mitigate the damages.

(3) Charge transportation costs, to and from a repair activity, to the carrier when the property cannot be repaired by the consignee. It must be shown that the consignee did not have the facilities for repair or that the property could not have been repaired **locally** at a lesser cost.

(4) When property cannot be repaired, the measure of damages is the market value or Federal Supply Catalog quotation or DLA Consolidated Management Data List for the property before the damage, less the salvage value, except for property shipped under released rates. See 14 Am. Jur. 2d, 652, Damages.

e. Minimum Amount for Filing a Freight Loss and Damage Claim. 55 Comp. Gen. 1438 (1976) permits government agencies to establish any reasonable minimum amount for filing claims involving loss or damage to freight shipments, where cost studies indicate such action is warranted. The military services have established a minimum of \$100 for reporting transportation discrepancies to claims officers. To arrive at the \$100 minimum, consider all factors, including property value, repair cost, replacement cost, or unearned freight charges. The service concerned absorbs losses for less than \$100, except, all transportation discrepancies involving shipments of classified or protected (sensitive and controlled) material and shipments moving under released rates must be reported to the claims office regardless of value.

f. Commercial Forms and Procedures for Small Domestic Freight Shipment. Claims for shipments, lost or damaged, moving under these procedures are handled the same as claims for shipments moving under government bills of lading (GBLs). However, the information entered on the commercial bill of lading (CBL) must be complete and the CBL must be clearly marked, "Prepaid Commercial Forms Procedures." The data entered on the CBL must not only fulfill **all** contractual requirements for commercial carriage but must also fulfill the requirements of the United States Government. Otherwise, the contract for carriage will be subject to the terms and conditions of commercial bills of lading shipments, and transportation discrepancies

in shipment must be processed on a priority basis (41 CFR section 101-40.709(a)). Claims for **shipments** moving by United Parcel Service (UPS) are handled according to the procedures established by the service concerned.

1-2. **Pre-claim** Procedures. The transportation or survey officer **must**:

a. Obtain from the item manager, the responsible office having material cognizance, or the repair facility the value of repair cost data, as applicable, of the lost or damaged **property**.

b. Ensure that allowances are made for any deteriorated or depreciated **preshipment** condition. Show on the statement of allowances the dollar amounts and the factors by which the depreciated value was computed.

c. Include the depreciation statement with the other documentation required to support claim.

d. Where repair has been made, obtain completed repair cost statements itemized as to cost of direct material, labor, overhead, and, if applicable, transportation costs to and from repair facility plus any repackaging costs.

e. Before submitting the discrepancy report to the office of final action (claims office), obtain and attach to it the documentary evidence to establish the facts of loss, damage, or destruction and proof of property value. The repair cost statement, when applicable, must be included in the documentation.

1-3. **Property Valuation**. The term "market value" does not always apply to government property values. Some government property is not suitable for commercial or industrial use. It is valuable only for military purposes and has no comparable commercial market value. The law provides that the measure of damages for **loss** or damage to an article having no market value is the value of the article to the owner (14 Am. **Jur.** 2d, section 636, Carriers). Contracts, purchase orders, and invoices are acceptable proof of value and may apply when an item moves from the manufacturer to the first government destination. However, these **procurement** purchased items are placed in the federal property system. The Federal Supply Catalog uniform quotation or **DLA** Consolidated Management Data List for each **class** and type of item is then the authority for value. The price quotation is based on the average purchase price of like items purchased by the Defense Logistics Agency (**DLA**), or the military service concerned, under contract purchases within the same **general** period. Price quotations for items purchased by the General Services Administration (**GSA**) are maintained in the **GSA** stock catalog. If, for some **unusual** reason, the value

is unknown or there is doubt concerning the **preshipment** value of an item lost or damaged, consult the item manager or responsible office having material cognizance within the service concerned. That office determines value based on consideration of original cost, the item's utility and age, and the extent, if any, to which it has depreciated. If, however, there is a continuing need for a like or similar item, and there are none available in the supply system, the actual value may be the estimated cost to reproduce or replace the item (including transportation cost) less allowances for **preshipment** condition of the property lost or irreparably damaged. Sometimes lost or damaged property had no value before shipment other than as scrap. The property may have been obsolete or have been shipped for disposal through established reutilization and marketing (**R&M**) channels. If the property had no value other than as scrap, that value represents the measure of loss or damage.

1-4. **Property on Which Repairs Will Be Estimated**. It is not necessary to spend money or owe a repair bill to recover the cost of repair (78 American Law Reports (A. L. R.) 905). Use estimated repair costs to settle claims **ONLY** when repairs will not be made, repairs will be delayed due to lack of parts or backlog in repair facility, or the damaged property must be shipped to another facility for repair. The transportation or survey officer shows why estimated repair costs are used.

a. **Property Not To Be Repaired**. Generally, this type of property is shipped to the item or inventory manager for disposal or return to storage. It eventually may be marked for plant clearance, disposal, or for possible future use. In-transit damages may not necessarily be the cause of final disposition action.

(1) Receiving transportation officers should obtain itemized estimates of repair costs as soon as possible. Each estimate is prepared and signed by technically qualified personnel familiar with labor costs, parts, and overhead.

(2) The office having final claims settlement authority must tell the carrier:

(a) The property will not be repaired.

(b) The estimated cost of repair was computed by technically qualified personnel.

(c) The claim will be settled on the basis of a cost estimate.

b. **Property Not To Be Immediately Repaired**. When actual repairs are delayed for an indefinite period, use the estimated repair cost to establish the measure of damage.

(1) Estimated repair costs are subject to adjustment when the actual repair charges are determined.

The transportation officer or the surveying officer must obtain and report the actual cost of repairs to the office of final action.

(2) The office having final settlement authority informs the carrier:

(a) There will be a delay before the property is repaired.

(b) The estimated cost of repair was computed by technically qualified personnel.

(c) The government will file its claim based on the estimate.

(d) The carrier should settle the claim based on the estimate, subject to adjustment when actual repair is completed.

1-5. Disposition of Carrier-Damaged Property. Field activities must arrange to repair or dispose of carrier-damaged property according to the directives for handling unserviceable property of the service concerned. The claims office or finance center does not furnish disposition instructions or funds to repair carrier damaged property.

1-6. Disposition of Carrier-Damaged Property Moving Under Released Rates. A carrier's liability for loss or damage to government property may be limited to the released valuation cited in the carrier's tariff and on the bill of lading. When the government bill of lading (GBL) or commercial bill of lading (CBL) cites reference to "released valuation," the claims office or service finance center must request tariff information from the Military Traffic Management Command (MTMC) area office having jurisdiction over the consignee. The MTMC area office will furnish the claims office or finance center the required tariff information on a priority basis. Field activities must not release damaged property to carriers for salvage when the released valuation or amount recoverable from the carrier is less than the actual value of the property.

1-7. Disposition of Carrier-Damaged Vehicles When Rejected by Receiver. When a government-owned damaged vehicle is rejected to a carrier because the vehicle is not economically repairable, as indicated in AR 55-355 /NAVSUPINST 4600.70/AFR 75-2/MCO P4600.14B/DSAR 4500.3, paragraph 41-10, the carrier is entitled to the property after the government has recovered the full amount of the claim. Accordingly, after the full amount of the claim has been collected, the SF 97, United States Government Certificate of Release of a Motor Vehicle, must be completed by the holding activity having control over the vehicle. The SF 97 can be obtained from the local reutilization and marketing office.

1-8. Carrier's Repair of Damaged Property. When

damaged shipments require repair, the matter should be coordinated with the carrier before repairs are made. **Damaged** property, except classified and protected cargo (sensitive and controlled), as defined in DOD 4500.32R, Military Standard Transportation and Movement Procedures (MILSTAMP), may be repaired by the carrier. When the carrier does the repairs, the carrier must restore the damaged property to the condition it was in when the government released it for shipment. The transportation officer must instruct the carrier to return the repaired property to the releasing activity, or other activity directed to receive it, without undue delay. In no circumstances will top secret, secret, confidential, sensitive, or technical supplies or equipment be released to a carrier for repairs or salvage according to AR 55-355/NAVSUPINST 4600.70/AFR 75-2/MCO P4600.14B/DSAR 4500.3, Transportation and Travel—Defense Traffic Management Regulation.

1-9. Liability When Clear Delivery Receipt Is Given and Loss or Damage Is Discovered Later:

a. Consideration of Additional Evidence. A clear delivery receipt is a record of facts which can be reasonably ascertained at the time of delivery. However, the execution of a clear delivery receipt does not prevent consideration of additional evidence. Such evidence may support or conflict with the receipt. A clear delivery receipt should be given only as much weight as it is worth under the circumstances. There is no general rule about the evidence necessary to overcome the effect of a clear delivery receipt. The actual facts may be explained by signed statements or affidavits by personnel who executed such clear receipt and later discovered the shortage or damage. Shipping and receiving tally records may also be used to clarify a dispute over a clear delivery receipt.

b. Application:

(1) Shortage in Shipment. When the carrier has been given a signed and properly executed receipt for the delivery of an entire shipment, it is difficult to prove that full delivery was not made. Delivery or nondelivery is a question of fact and adjustment for shortages must be based on competent evidence.

(2) Damages Discovered After Delivery. Sometimes damage is not discovered until after delivery. A clear delivery receipt may have been given the carrier. The clear receipt may be explained, clarified, or contradicted by other evidence. Where the goods received cannot be inspected at time of delivery, the acknowledgment that the goods were received in good condition is not evidence as to their actual condition but merely as to the condition of the container(s). Evidence must show the

damage did not occur while the property was in the custody of the shipper and did not occur after it was delivered to the consignee.

1-10. Liability for Explosives and Other Dangerous Articles:

a. General Information. Damage to explosives and other dangerous articles, especially where **damage cannot** be readily noted, presents a special situation. Rough handling may require the destruction of the entire shipment even though damage to every item may not be visible. In no case are explosives and other dangerous articles to be released to the carrier for salvage.

b. Application. Claims should be supported by:

(1) A statement that the carrier was notified and given an opportunity to reinspect the commodity before its destruction. This does not apply to classified material.

(2) Evidence (photographs, statements, etc.) showing in detail how the commodity was prepared for shipment (blocked, braced, etc.).

(3) A statement from technically qualified personnel and supporting evidence (technical orders, etc.) showing destruction was warranted.

(4) A statement that the carrier was aware of:

(a) The nature of the commodity transported, and

(b) That the government might have to destroy the entire shipment after delivery if the commodity was handled roughly.

(5) Basis for determining that the commodities were handled roughly.

c. Carrier's Agreement to Destruction. When appropriate and practicable, get the carrier's written agreement to the destruction of the commodity or attach a statement that an agreement could not be obtained. Installation commanders, transportation officers, or freight claims analysts determine the necessity for such a statement or agreement.

1-11. Repair Costs Charged by Military Facilities With a Cost Accounting System. In addition to the direct costs of material and labor, military services include overhead costs in the amount of the claim. Where a cost accounting system is used, the overhead costs provided by that system will be included in the repair cost statement. If all overhead costs are not provided for by the cost accounting system, repair costs should be computed per procedures in paragraph 1-12.

1-12. Repair Costs (Direct and Indirect) Charged by Military Facilities Without a Cost Accounting System. Activities which do not have detailed cost

accounting data should compute the cost of repair work as follows:

a. For repair work performed by civilians, charge the cost of the regular civilian time plus 42.9 percent. This percentage covers the cost of annual leave, sick leave, holidays, and contributions to employee benefit programs.

b. Add the direct cost of any civilian overtime to a above. (Do not add the 42.9 percent to overtime.)

c. Add the direct cost of work performed by military personnel to a and b above. Use the standard daily or hourly rates published in DOD 7220.9-M Accounting Manual or a service directive such as AFR 177-101, the NAVCOMPT Manual, or the annual message for the Army. Multiply the number of hours or days worked times the applicable standard rate, plus 32 percent of the total standard rate for enlisted personnel and 20 percent for officers, as prescribed in DOD 7220.9-M. These percentages cover the leave, holidays, and certain other personnel costs not included in the standard rate.

d. Increase the sum of a, b, and c above by 30 percent. This percentage covers costs such as administration, heat, light, and water.

e. Increase direct material costs by 3.5 percent as prescribed in DOD 7220.9-M, chapter 26 for accessorial cost (packing, crating, and handling) of material issued from stock for use in repair of damaged items, if applicable. Add this amount to the sum of a, b, c, and d above.

EXAMPLE Assume a repair job required 40 hours of regular civilian time plus 10 hours overtime. Overtime was authorized because the part was required to support a priority mission. The regular civilian rate is \$10.03 per hour. Military apprentices (basic airmen, E-1) worked 10 hours at the standard rate of \$7.48 per hour plus 32 percent of the total standard rate. Material (itemized) used in the repair work cost the government \$675.50. Total repair cost is:

(1) Civilian labor for 40 hours at	
\$10.03 per hour	\$ 401.20
(2) Plus 42.9 percent of \$401.20	172.11
(3) Civilian overtime for 10 hours at \$15.05 per hour	150.50
(4) Military labor for 10 hours at \$7.48 per hour	74.80
(5) Plus 32 percent of \$74.80	23.94
(6) Labor cost	822.55
(7) Increase labor cost by 30 percent (822.55 x 30%)	246.77
(8) Direct material cost (material must be itemized)	675.50
(9) Increase material cost by 3.5 percent for accessorial cost (\$675.50 X 3.5%)	23.64
(10) Total repair cost	\$1768.46

Chapter 2

ISSUING SF 362, U.S. GOVERNMENT FREIGHT LOSS/DAMAGE CLAIM,
AND SUBSEQUENT CLAIMS PROCESSING

2-1. Purpose. This chapter prescribes the use of SF 362, U.S. Government Freight Loss/Damage Claim, for **filing** claims against commercial carriers covering loss of "or damage to United States **Government** property and serves as the initial formal debt notice to the carrier and demand for payment per 4 **CFR**. It **also** provides for furnishing a copy of the completed form to the Military Traffic Management Command for use in the Department of Defense worldwide cargo transportation discrepancy reporting and analysis system (**RCS: MTMC-10** (R-1)). Revision includes an update of instructions for preparing **SFs** 362 and new collection procedures required by federal claims collection standards, per 4 **CFR** sections 101 through 105.

2-2. Applicability and Scope. This chapter applies to the US Army Finance and Accounting Center, Indianapolis IN 46249-0621; Commanding Officer, Navy Material Transportation Office (Code 024.3), Norfolk VA 23511-6691; the Air Force Accounting and Finance Center, Denver CO 80279-5000; and **Marine** Corps Logistics Base (Code 470), Albany GA 31704-5000. It is not authorized for use by field activities.

2-3. Exclusions. The procedures outlined in this chapter do not apply to loss and/or damage claims for **nonappropriated** fund materials or personal property such as household goods, personal effects, and privately owned vehicles. Also, they do not apply to claims filed outside **CONUS** or to those processed by the Military **Sealift** Command.

2-4. Policy. The procedures prescribed in this chapter are mandatory for use by the military finance centers when filing freight loss and/or damage claims against commercial carriers and reporting claims data to **MTMC**.

2-5. Preparation of Form. (See figure 2-1 for example of a completed SF 362.) Prepare SF 362 as follows:

a. Item 1. Enter the appropriate symbol of the agency filing claim; for example, 57 (Air Force); 21 (Army); 17 (Navy); 97 (Defense Logistics Agency); etc.

b. Item 2. Enter file reference as needed by each department or agency; for example, **GBL** No., **GBL** Claim No.

c. Item 3. Transportation Control Number (**TCN**), if applicable.

d. Item 4. Leave blank—for use by carrier.

e. Item 5. Enter name, standard carrier alpha code (**SCAC**), address, and ZIP code of carrier that claim is being filed against.

f. Item **6a**. Check appropriate block.

g. Item **6b**. Enter bill of lading numbers.

h. Item **6c**. Enter bill of lading date.

i. Item 7. Enter Department of Defense activity address code (**DODAAC**), and serially numbered **TDR** file number (**TFN**) from block 2 of the SF 361, Transportation Discrepancy Report (**TDR**); name, address, and ZIP code of consignee.

j. Item 8. Enter **DODAAC** (when applicable), name, address, and ZIP code of activity physically making shipment.

k. Item 9. Enter code shown in appendix C, AR 55-38/NAVSUPINST 461 0.33C Change 2/AFR 75-1 8/MCO P4610.19D/DLAR 4500.15 denoting mode of transportation.

l. Item 10. Enter code for basis for claim as shown in appendix B, AR 55-38/NAVSUPINST 461 0.33C Change 2/AFR 75-18/MCO P4610.19D/DLAR 4500.15; Example: ST, shortage due to theft; **DZ**, concealed damage.

m. Item 11. Enter carrier's pro/freight bill number, as applicable.

n. Item 12. Not applicable to DOD.

o. Item 13. Enter **julian** date carrier receipted for shipment as shown on bill of lading; for example, 30 Jan 1986 will be 6030.

p. Item 14. Enter car/trailer number and type for carload/truck load shipment only.

q. Item 15. Not applicable to DOD.

r. Item 16. Not applicable to DOD.

s. Item 17. Acquisition document.

t. Item **17a**. Indicate type of acquisition document.

u. Item **17b**. Enter requestion number; contract number, invoice number, as applicable.

v. Item 18. Not applicable to DOD.

w. Item 19. Enter accounting classification to credit collection from carrier for:

x. Item **19a**. Unearned freight.

y. Item **19b**. Property.

z. Item 20. Carrier inspection.

aa. Item **20a**. Inspection. Check appropriate block.

ab. Item **20b**. Enter name of inspector.

ac. Item 21. Description and value of articles lost or **damaged**.

ad. Item **21a**. Enter number and kind of **packages** in parentheses (for example, (1 **BX**)), **nomenclature** (common name of article), national stock number, and National Motor Freight Classification (NMFC), Uniform Freight Classification (UFC) item number, if available, or DOD unique number.

ae. Item **21b**. Check appropriate block.

af. Item **21c**. Enter two-letter abbreviation for unit of issue and the number of units lost or damaged.

ag. Item **21d**. Enter total weight of item(s) short or damaged beyond economical repair or of **damaged** components rejected to carrier (pounds, short tons, etc.).

ah. Item **21e**. Enter value of item(s) claimed or repair cost if claim is for damage.

ai. Item **21f**. Enter total of weight and value of all items lost or **damaged**.

aj. Item **21g**. Enter amount of unearned freight to which carrier is not entitled; also show weight and rate computation.

ak. Item **21h**. Enter total of f and g.

al. Item **21i**. Enter amount shown in item 21 h unless release rates apply. If so, enter total amount recoverable, plus unearned freight charges.

am. Item 22. Enter check mark in blocks, as applicable.

an. Item 23. Remarks.

ao. Item 24. Enter instructions for payment by the carrier.

ap. Item **24a**. Enter name and address of activity to which remittance should be made payable.

aq. Item **24b**. Enter name, address and ZIP code to which remittance will be mailed.

ar. Item 25. Claim prepared by.

as. Item **25a**. Enter name and address of activity preparing claim.

at. Item **25b**. Signature and title.

au. Item **25c**. Date claim prepared.

av. Item **25d**. Enter official **julian** date of claim. Date claim was mailed to carrier.

2-6. Distribution of Form.

a. Distribute the SF 362 as follows:

(1) Original and one copy to carrier.

(2) One copy to MTMC.

(3) Three copies for use of appropriate finance center.

(4) One copy of the SF 362 or method as prescribed by the concerned service to the reporting activity transportation office (optional).

(5) One copy to the accounting office whose funds are identified by the accounting and

disbursing station number (**ADSN**) or fiscal station number (**FSN**) in block 29 of the SF 362.

b. Each service's finance center collecting loss and damage claims will use their own forms to furnish status of claim processing or collection to accounting and finance offices/finance and accounting offices, as appropriate. Status information furnished will be used by the **AFOs/FAOs** to update accounts receivable files and or close their case files. Proper distribution and use of these notifications will enhance the management of receivables and reduce the requirement for tracer inquiries when collections are delayed or claims are compromised.

2-7. Filing and Collecting a Loss or Damage Claim:

a. General Information. Before filing a claim, the military service having jurisdiction over the property must establish carrier liability. The measure of loss or damage must be fixed or estimated. A claim is then filed against the initial, interline, or delivering carrier, as indicated below. Tell the carrier whether the amount of the claim is fixed or estimated. For uniformity and to avoid misinterpretation of government action, claims normally are filed with the delivering carrier.

b. Specific Information. Normally, the service files claim with:

(1) The initial carrier when the entire shipment is short.

(2) The delivering carrier or the carrier who submitted the original **GBL** for payment of freight charges.

(3) The carrier on whose line(s) the shortage (entire or partial) or damage occurred, when this information is known. This may be an interline carrier. The service takes this action only when it is supported by data in the claim file.

c. Unearned Freight. When the **loss** and damage claim results in unearned freight, the service concerned may either include such unearned freight charges in the loss and **damage** claim or file two separate claims against the carrier as outlined in a and b above.

d. Collection of Freight Loss and Damage Claims:

(1) Disbursing offices will comply with the Federal Claims Collection Standards (**FCCS**) 4 **CFR** 101-105 and take aggressive action to collect claims filed under this regulation. The **FCCS** implements the Debt Collection Act (Public Law 97-365), 25 Oct 1982. The Debt Collection Act requires agencies to charge interest, penalties, and administrative costs on debts owed to the government. The terms

"claim" and "debt" are synonymous and are interchangeable. The due date for the claim is the day the notice of interest requirements and the debt is first mailed or hand delivered to the debtor. **CFR** 49, Part 1005 allows the carrier 120 days to pay, decline, or make a firm compromise settlement of the claim. Time frames in this regulation take precedence of the **FCCS**; therefore, interest shall be waived on the debtor portion of the debt which is paid within 120 days. The **30-day** requirement in the **FCCS** does not apply to freight loss and damage claims. **OSD**, Comptroller Management Systems Memorandum, 9 May 1985, further authorizes DOD agencies to extend the **30-day** requirement to 120 days based on 49 **CFR** section 1005.

(2) Amounts due on claims established by this regulation are subject to interest, **penalties**, and administrative charges after 120 days from the claim date. Interest will be computed on the **121st** day and will be assessed from the date of claim. Interest will not be assessed if the carrier pays the full amount of the claim by the **120th** day. Penalty charges will be assessed on only that portion of the debt that is delinquent more than 90 days. The delinquency period starts on the **121st** day from the claim date. Therefore, on the **21 1th** day ($120 + 90 + 1$) after the claim date, an annual six percent penalty will be added to the debt based on the number of delinquent days. Administrative charges will be assessed as determined by each of the services disbursing offices. Protest and declination letters received from carriers will be handled on an individual basis. The office responsible for collection may suspend collection action pending reinvestigation by the claims office. The claims office will notify the carrier and the office responsible for collection of their decision to change the amount of the claim, cancel claim action, or continue collection as stated in original claim.

(3) Collection procedures for loss and damage claims against international ocean and air carriers are different from those on domestic shipments (41 **CFR** section 101-40.711-2). The disbursing office


should withhold enough money from the carrier's freight bill covering the shipment on which the loss or damage occurred to reimburse the government for that loss or damage. If this is not possible, the disbursing office gets the carrier's consent and deducts amount of the claim from other revenue due the carrier. Uncollectible claims for **international** air and ocean shipments must be forwarded to the U.S. Department of Justice.

2-8. Reporting Administratively Uncollectible Transportation Debts. Administrative agencies (services' finance centers) must report transportation debts which cannot be collected, compromised, suspended, or terminated to the Department of Justice for litigation according to 4 **CFR** sections 102, 103, and 104. Administrative agencies must take aggressive collection action. They must write and ask the carrier(s) to pay the claim(s). When this fails to settle the claim, they report such claims to the Department of Justice. These agencies must observe the requirements of 4 **CFR** section 105 and make the report within the time limit prescribed for bringing suit against the debtor. The administrative agencies must:

a. Report uncollectible debts relating to international shipments by air and ocean carriers to the Department of Justice as soon as possible. A **2-year** limitation applies to court actions against air carriers for loss or damage to international shipments and a **1-year** limitation applies to court actions against ocean carriers in foreign commerce (46 U.S.C. 1303(6)).

b. Report uncollectible debts to the Department of Justice when the total amount due the United States is \$600, exclusive of interest, penalties, and administrative costs. See 4 **CFR** section 105.4 for uncollectable debt exceptions. Debts less than \$600 are absorbed by the concerned service.

c. Make separate claims and collection litigation reports (**CCLR**) and recommendations for each uncollectible debt. Make sure the report conforms with the requirements of 4 **CFR**, section 105.

STANDARD FORM 362 (Rev. 9-79) Prescribed by GSA PMR (41CFR) 101-40.710		U.S. GOVERNMENT FREIGHT LOSS/DAMAGE CLAIM (See Instructions on reverse)		1. DEPARTMENT-AGENCY CODE 57	2. FILE REFERENCE OR CLAIMANT NO. GBL S5 211 290
3. CARRIER (Name, address, and ZIP Code) T O, P*IE Nationwide, Inc (PIEC) PO Box 2408 Jacksonville-FL 32202		4. CONSIGNEE (Name, address or activity address code, and ZIP Code) FB2049 -0115 McClellan AFB CA 95652-5000		3. TCN NO. See Item 17B	A. CARRIER CLAIM NO.
5. MODE OF TRANSPORTATION CODE: B				10. BASIS FOR CLAIM CODE: SS	
11. CARRIER'S PRO/FREIGHT BILL NO. 492-050533		12. CARRIER'S STATEMENT OR VOUCHER NO. XXX		12a. CHARGES \$ XXX	12b. DATE PAID XXX
13. DATE CARRIER SIGNED FOR SHIPMENT 7 2 4 0				14. CONVEYANCE (Car, truck, vessel, etc.) (Specify type and No.) Trailer 94-1435 Van	
15. D.O.V. NO. XXX		16. BUREAU VOUCHER NO. XXX		17. DOCK RECEIPT NO. XXX	
17. ACQUISITION DOCUMENT <input checked="" type="checkbox"/> REQUISITION <input type="checkbox"/> PURCHASER ORDER <input type="checkbox"/> CONTRACT <input type="checkbox"/> INVOICE <input type="checkbox"/> OTHER (Specify)		17b. NO. FB2049 5, , 0 3 9		18. DOCK RECEIPT NO. XXX	
19a. UNEARNED FREIGHT 575 3400 305 45 099930 S380100				20a. INSPECTION <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> WAIVED	
19b. PROPERTY Pro Rate Air Force				20b. NAME OF INSPECTOR	
21. DESCRIPTION AND VALUE OF ARTICLES LOST AND/OR DAMAGED					
COMMODITY DESCRIPTION AND NATIONAL STOCK NO. (If any) (1CT) Windshield Panel NSN: 1560-00-512-0731 FG		ARTICLES WERE (✓) b. LOST <input checked="" type="checkbox"/> DAM. AG. <input type="checkbox"/>		QUANTITY c. UNIT NO. OF UNITS EA 5	
				WEIGHT d. 350 lbs	VALUE (Explain in Item 23), \$9,002.00
f. TOTAL				350 lbs	\$9,002.00
g. UNEARNED FREIGHT		RATE .1344 per lb		x 350 lbs	\$ 47.04
h. AMOUNT OF CLAIM (Line f plus Line g)					\$19,049.04
i. AMOUNT DUE FROM CARRIER (Enter amount shown on Line h unless reduced because of released or declared value. Explain difference in Item 23)					\$19,049.04
22. SUPPORTING DOCUMENTS (Check as appropriate) 3		<input type="checkbox"/> GBL MEMOCOPY <input type="checkbox"/> IICAR'S PRO/FREIGHT <input type="checkbox"/> CARRIER'S & DREPORT <input type="checkbox"/> REPAIR STATEMENT <input type="checkbox"/> PIER CLERK DELIVERY RECEIPT <input type="checkbox"/> EAM LISTING <input type="checkbox"/> INVOICE OR CERTIFIED COPY <input type="checkbox"/> LOI @ IRNCC & NT <input type="checkbox"/> UNLOADING WEIGHT CERTIFICATE <input type="checkbox"/> INSPECTION CERTIFICATE <input type="checkbox"/> DD Form 1348-1 <input type="checkbox"/> OTHER (Specify)			
23. REMARKS (Continue on reverse.) SEE REVERSE SIDE FOR IMPORTANT NOTICE					
Direct all correspondence about this claim to: AF AFC/AJF, Denver CO 80279-5000					
24. PAYING INSTRUCTIONS (Return copy of this document with remittance.)					
24a. MAKE REMITTANCE PAYABLE TO FAO, Transportation Operations US Army Finance and Accounting Center			24b. MAIL TO (Name, address, and ZIP Code) Transportation Operations US Army Finance and Accounting Center Indianapolis IN 46249-0656		
25. CLAIM PREPARED BY					
25a. NAME OF ACTIVITY AF AFC/AJF Denver CO 80279-5000		25b. SIGNATURE AND TITLE  C. EMMA STANTON		25c. DATE PREPARED 27 Apr 1987	25d. DATE OF CLAIM 7117

When remittance or documentary evidence of refutation is not received within one hundred twenty (120) days from the DATE OF CLAIM, the claimed amount will be deducted from current bills. NOT APPLICABLE WITH RESPECT TO CLAIMS AGAINST INTERNATIONAL AIR CARRIERS.

362-102

Figure 2-1. SF 362, U.S. Government Freight Loss/Damage Claim.

DATE 77 APR 1987

FORMAL DEBT NOTICE TO CARRIER AND DEMAND FOR PAYMENT

23. REMARKS (Continued)

This debt notification complies with the Federal Claims Collection Standards 4 CFR, part 101 through 105, and serves as the initial demand letter contemplated by part 102. A debt has been established against the carrier named in block 5 of this claim form for reasons explained. The government's claim is based on breach of the bill of lading contract by the carrier and 49 U.S.C. 11707 for carriers operating under the jurisdiction of the Interstate Commerce Commission. If you feel you are not liable under the law for the loss or damage, submit any protest, declination, or compromise with supporting documents to the office filing the claim (see block 25a. of this claim form). An investigation of your allegations of nonviability will be made and a prompt response will be furnished to you. The claim date shown in block 25d. of the claim form is the due date for the full amount of the claim. In order to avoid interest, penalty, and administrative charges, you are requested to make your check or money order for the full amount of the claim payable to the office shown in block 24a., and mail it to the office shown in block 24b. Your remittance must reach that office not later than the 120th day from the date of claim. The debt will be considered delinquent if not paid on or before the 120th day unless other satisfactory payment arrangements have been made with the office shown in block 24b. of the claim form. If the debt becomes delinquent (more than 120 days have passed) interest will accrue from the claim date and debt notification (this notice). The rate of interest assessed will be the rate of the current value of funds to the US Treasury as published quarterly in the Federal Register. The office responsible for collection, block 24b., is further required to assess administrative costs incurred in processing and handling the debt if it becomes delinquent. In addition to administrative costs, a penalty charge of six percent (6%) a year will be assessed on any portion of the debt that is delinquent more than 90 days. The delinquency period starts on the 121st day from the claim date. Therefore, on the 211th day after the claim date, the annual six percent (6%) fee may be added to the debt based on the number of delinquent days. This charge will be calculated from the date that the debt became delinquent. When a partial or installment payment is received, it will apply to (1) the penalty and administrative cost charges, (2) accrued interest, and (3) outstanding principle. If the debt is not paid in full by the 120th day from date of claim notification, collection will be made by offset from revenue due your company by the office shown in block 24b. The debt may also be reported to a consumer reporting agency" or referred to a debt collection agency for collection or to the Department of Justice for litigation. Prior to taking any of the above actions, you will be notified of the intent to initiate these actions. You are also advised the office shown in block 24b. is willing to discuss payment methods. Also, any unearned freight charges not included in the amount of this claim will be setoff without a supplemental claim or further notification.

INSTRUCTIONS FOR PREPARATION

This form shall be prepared in a sufficient number of copies so that the original and one copy can be mailed to the carrier, and additional distribution made in accordance with agency requirements. Detailed instructions are provided below for those items which are not considered self-explanatory.

Items 1, 3, 9, and 10—For optional use by civilian agencies—primarily for use by military activities. -

Item 2.—Enter file reference or agency number, as appropriate.

Item 4.—Leave blank unless carrier has assigned a claim number and requested its use.

Item 11.—Enter applicable carrier transportation reference number (e.g. waybill, lading, delivery receipt, etc.).

Item 18.—Enter dock receipt number for ocean shipments.

Item 19.—Enter accounting fund classifications to be credited with collections from carrier for unearned freight and property. (If same for both, enter classification in Item 19a and use ditto marks in Item 19b.).

Item 21b.—Check appropriate column for each entry.

Item 21d.—Enter weight of units short; weight of units or components rejected to carrier account of damage beyond economical repair.

Item 21e.—Enter actual value of units (not released or declared value).

Item 21g.—Enter freight rate, total weight, and amount of unearned freight for which carrier has been paid and which must be refunded (When different rates apply to different units, enter "See Item 23" in spaces for rate and weight and show computations in Item 23).

Item 25a.—Enter name of activity preparing claim; also enter address if different from address shown in Item 7.

Item 25c.—Enter date claim is prepared.

Item 25d.—Enter date on which claim is mailed to the carrier.

BY ORDER OF THE SECRETARIES OF THE AIR FORCE, THE ARMY, THE NAVY, AND THE DIRECTOR, DEFENSE LOGISTICS AGENCY

OFFICIAL

LARRY D. WELCH, General, USAF
Chief of Staff

WILLIAM O. NATIONS, Colonel, USAF
Director of Information Management
and Administration

CARL E. VUONO
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Chief of Staff

R. L. DILWORTH
Brigadier General, United States Army
The Adjutant General

E. K. WALKER, JR., RADM, SC, USN
Commander
Naval Supply Systems Command

J. J. WENT
Lieutenant General, U. S. Marine Corps
Deputy Chief of Staff for Installations and Logistics

JAMES J. SINGSANK,
Colonel, USA
Staff Director, Administration, DLA

SUMMARY OF CHANGES

This revision changes the minimum amount for filing a claim from \$50 to \$100 except for classified and protective freight shipments (**para 1-1**); updates example for preparation of repair cost statements to reflect current methods for computation and references (**para 1-12**); clarifies information required on commercial bills of lading for commercial forms and procedures for **small** domestic freight shipments (**para 1-1f**); revises instructions for the completion of the SF 362 by claims offices (**para 2-5**) adds new collection procedures required by the Federal Claims Collection Standards 4 CFR sections 101 through 105 (**para 2-7**).

Distribution:

Air Force: F

Army: Active Army, USAR, ARNG: To be distributed in accordance with DA Form 12-9A, requirements for AR, Property Accountability C.

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